

## Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 EB-08 INR-07

LAB-04 NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ERDA-05

FEA-01 (ISO) W

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R 200640Z SEP 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1359

INFO AMEMBASSY LONDON

AMEMBASSY PORT MORESBY

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

CINCPAC HONOLULU HI

AMCONSUL BRISBANE POUCH

AMCONSUL PERTH POUCH

C O N F I D E N T I A L SECTION 1 OF 3 CANBERRA 6548

CINCPAC FOR POLAD

STATE PLEASE PASS LABOR

EO 11652: GDS

TAGS: PINT, ELAB, AS

SUBJ: AUSTRALIAN COUNCIL OF TRADE UNIONS (ACTU) NATIONAL  
CONFERENCE

REF: CANBERRA 6540

1. SUMMARY: THE ACTU NATIONAL CONFERENCE, HELD LAST  
WEEK IN SYDNEY, HAD TWO IMPORTANT RESULTS OF INTEREST  
TO THE US: FIRST WAS THE CONSIDERABLE STRENGTHENING OF  
THE MODERATE LEADERSHIP AS A CONSEQUENCE OF THE ACTU  
EXECUTIVE ELECTIONS; AND THE SECOND WAS THE RELATIVE  
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SUCCESS SCORED BY THE MODERATES ON THE "URANIUM ISSUE,"  
EVEN THOUGH THE NET EFFECT IS ONLY POSTPONEMENT OF  
WHAT WILL BE A BRUSING AND ALMOST CERTAINLY LOSING  
CONFRONTATION WITH THE GOVERNMENT. END SUMMARY.

2. THE AUSTRALIAN COUNCIL OF TRADE UNIONS (ACTU) 50TH  
NATIONAL CONFERENCE WAS HELD IN SYDNEY SEPTEMBER 12 TO

16 AMID A BACKDROP OF CONFUSION AND DISARRAY IN THE AUSTRALIAN LABOR PARTY (ALP) -- THE POLITICAL ARM OF AUSTRALIAN LABOR -- AND DIVISIVE IDEOLOGICAL AND POLITICAL SQUABBLING AMONG ACTU MEMBER UNIONS AND THEIR LEADERS. WHATEVER ELSE MIGHT BE SAID ABOUT THE AUSTRALIAN LABOR MOVEMENT, AT LEAST ONE SIMPLE FACT STANDS GLARINGLY APPARENT: AT A TIME WHEN LABOR AND ECONOMIC ISSUES ARE PERHAPS THE MOST CONTENTIOUS SINCE THE DEPRESSION, AND AT A TIME WHEN THE CONSERVATIVE COALITION GOVERNMENT ITSELF IS UNDER ATTACK FOR ITS UNCERTAIN LEADERSHIP, THE LABOR OPPOSITION SIMPLY HAS NOT MANAGED TO GET ITS ACT TOGETHER. UNION LEADERS TOO OFTEN BEHAVE LIKE A BICKERING CONSORTIUM OF FEUDAL BARONS GRANDSTANDING FOR APPLAUSE, EACH CONCENTRATING MORE UPON HIS OWN RELATIVE STANDING AMONG HIS PEERS THAN UPON LONG-TERM LABOR PROGRAMS, POLICIES AND GOALS.

3. THERE WERE SOME SIGNS OF CHANGE, HOWEVER, AND THEY WERE POSITIVE. TO THE EXTENT THAT ANY SINGLE ISSUE WAS CRITICAL, IT HAD TO BE THE ELECTIONS TO THE ACTU EXECUTIVE. AND THE MODERATES/CENTER-RIGHT DID VERY WELL FOR THEMSELVES. JOHN DUCKER, PRESIDENT OF THE N.S.W. LABOR COUNCIL (AND SENIOR VICE PRESIDENT OF THE NATIONAL ALP) HANDILY DEFEATED LEFT-WINGER JIM ROULSTON, HEAD OF THE AMALGAMATED METAL WORKERS AND SHIPWRIGHTS UNION (WHO HAD HIMSELF BEATEN DUCKER FOR THE ACTU EXECUTIVE SEAT

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TWO YEARS AGO). ROULSTON, ONE OF THE MORE OUTSPOKEN VICTORIA (MELBOURNE) UNION LEADERS, HAS LONG BEEN ASSOCIATED WITH CAUSES WHICH INVOLVED CONFLICTS WITH US INTERESTS. DUCKER, ON THE OTHER HAND, IS A GOOD FRIEND OF THE US, AND HAS BEEN INFLUENTIAL, OVER THE YEARS, IN HELPING TO EXPOSE BRIGHT, YOUNG LABOR TALENT TO FREE WORLD LABOR INSTITUTIONS. DUCKER'S VICTORY GIVES THE MODERATES (CENTER-LEFT AND MODERATE RIGHT-WING) A SOLID 12-6 MAJORITY IN THE ACTU EXECUTIVE. REPRESENTATION FOR THE FOOD HANDLING GROUP OF UNIONS WENT TO JOHN MORRIS, SECRETARY OF THE NSW LIQUOR TRADES UNION, AND MOSCOW-LINING PAT CLANCY (FEDERAL SECRETARY OF THE BUILDING WORKERS INDUSTRIAL UNION) BEAT OUT HIS ARCH-RIVAL NORM GALLAGHER (WHO IS IDENTIFIED WITH THE MAOIST WING OF THE TRI-HEADED AND FRACTIONATED AUSTRALIAN COMMUNIST MOVEMENT) OF THE OPPOSING BUILDERS LABORERS FEDERATION. DUCKER, WHO HAS TO WORK FREQUENTLY WITH CLANCY IN NSW, COMMENTED TO AN EMBASSY OBSERVER "AT LEAST YOU CAN WORK WITH CLANCY; YOU KNOW HOW HIS MIND IS WORKING. WITH GALLAGHER, YOU COULD NEVER TELL. HE'S DANGEROUS. HE'S TOO UNPREDICTABLE."

4. AS REPORTED IN REFTTEL, ACTU PRESIDENT BOB HAWKE'S HAND HAS THUS BEEN CONSIDERABLY STRENGTHENED IN HIS EFFORTS TO KEEP CONTROL OF THE AUSTRALIAN LABOR MOVEMENT AND TO DIRECT IT TOWARDS A MORE RESPONSIBLE AND INFLUENTIAL VOICE IN THE POLITICAL/ECONOMIC/SOCIAL LIFE OF THE COUNTRY. FOR THERE IS NO QUESTION THAT AT LEAST IN THE POPULAR IMAGINATION, THE LABOR MOVEMENT HAS BEEN BADLY TARNISHED BY ITS POLITICAL ALLIANCE WITH THE DEFEATED AND DISCREDITED WHITLAM GOVERNMENT OF 1972-75, AND BY THE HIGHLY PUBLICIZED AND SEEMINGLY IDEOLOGICALLY-MOTIVATED DISPUTES TO WHICH SUBSTANTIAL SECTOR OF THE AUSTRALIAN BODY POLITIC ASCRIBES DISPROPORTIONATE AMOUNT OF THE LABOR STRIFE IN THIS COUNTRY. IF HAWKE'S PURPOSES ARE NOT ALTO-  
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GETHER ALTRUISTIC, HE IS AT LEAST PRAGMATIST WHO ACCEPTS THAT TOO MUCH TIME AND ENERGY HAVE BEEN WASTED ON DIVISIVE POLITICAL ISSUES -- OMEGA, THE NEWPORT POWER STATION, URANIUM, ETC. -- AND TOO MUCH PUBLIC SYMPATHY FOR LABOR ISSUES HAS BEEN LOST OVER THE SOCIO/POLITICAL BELIEFS OF A HANDFUL OF POWERFUL UNION LEADERS WHO HAVE MOUNTED DISRUPTIVE WORK STOPPAGES. HAWKE IS CORRECT IN BELIEVING THAT THE GOVERNMENT INTENDS TO CONDUCT THE NEXT NATIONAL ELECTION

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C O N F I D E N T I A L SECTION 2 OF 3 CANBERRA 6548

CINCPAC FOR POLAD  
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OVER THE ISSUE "WHO CONTROLS AUSTRALIA?" -- AND HIS EFFORT IS TO AVOID A DAMAGING CONFRONTATION OVER URANIUM THAT MIGHT ALLOW THE GOVERNMENT TO PORTRAY A PRIMA FACIE CASE. IN FACT, HAWKE CAN (AND AT EVERY OPPORTUNITY DOES) CLAIM THA THE AUSTRALIAN LABOR PICTURE HAS MADE GREAT PROGRESS IN ELIMINATING STRIKES AND OTHER STOPPAGES IN RECENT YEARS; IN THE FIRST THREE MONTHS OF 1977, ONLY 307,300 WORKING DAYS WERE LOST THROUGH STRIKES; THE COMPARABLE FIGURE FOR 1976 WAS 506.500; IN 1975 IT WAS 322,700; AND IN 1974, A RECORD 2,483,100.

5. OF COURSE, UNEMPLOYMENT HAS BEEN AN IMPORTANT FACTOR IN  
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THE DRAMATIC DECLINE IN WORK STOPPAGES, UNEMPLOYMENT IS AT THE HIGHEST LEVEL IN AUSTRALIA SINCE THE GREAT DEPRESSION (5.4 PCT IN AUGUST 1977, AND WHILE CONSERVATIVE COALITION SEEMS TO BE FOLLOWING AN UNCERTAIN PATH TOWARD ECONOMIC RECOVERY, THERE WAS ONLY ONE MAJOR ISSUE AT THE SYDNEY CONFERENCE, AND TO THE EXTENT THAT IT HAD ANYTHING TO DO WITH JOBS, IT WAS NEGATIVE--URANIUM. IN SENSE, URANIUM WAS MICROCOSM OF LABOR'S MISSPENT ENERGIES. IT WAS THE FOCUS UPON PERSONALITIES (HAWKE AND THE MODERATES VERSUS JOHN HALFPENNY, RALPH TAYLOR AND JIM ROULSTON FROM LEFT-WING); UPON IDEOLOGY (THE LEFT REGARDS URANIUM AS PERSONIFICATION OF FOREIGN-OWNED TRANSNATIONALS STRIPPING OFF AUSTRALIA'S RESOURCES AND EXPORTING THE PROFIT) AS OPPOSED TO PRAGMATISM (JOBS, THE ECONOMIC ARGUMENTS FOR NUCLEAR POWER, AND THE SUPPLY OF A NEEDED RESOURCE TO MAJOR TRADING PARTNERS). THE ANTI-URANIUM FORCES WERE OUT IN STRENGTH IN SYDNEY WITH THEIR "STOP URANIUM MINING" BUTTONS, MOUNDS OF LITERATURE, PICKETS AND DEMONSTRATORS, BUT IN A REMARKABLE TOUR DE FORCE, HAWKE VIRTUALLY SINGLE-HANDEDLY SHOUTED THEM DOWN. IN THE END, IT CAME DOWN TO ENDORSING ACTU EXECUTIVE'S CALL FOR A NATIONAL REFERENDUM (WHICH PM FRASER HAS REPEATEDLY REFUSED EXCEPT IN THE CONTEXT OF A NATIONAL ELECTION), OR GO WITH THE LEFT-WING CALL FOR AN INDEFINITE BAN ON URANIUM MINING, PROCESSING AND EXPORT "UNTIL ADEQUATE SAFEGUARDS HAVE BEEN DEVELOPED AND INTRODUCED."

WHEN THE SHOUTING DIED DOWN, HAWKE WON BY A DECISIVE  
493 TO 371.

6. THE VICTORY ON URANIUM MAY ULTIMATELY, HOWEVER, HAVE  
BEEN PYRRHIC. WHAT HAWKE ACTUALLY WON WAS A MERE TWO  
MONTHS' BREATHING SPACE, DURING WHICH TIME THE GOA HAS  
TO AGREE TO A NATIONAL SINGLE-ISSUE REFERENDUM OR FACE  
UNION BANS ON THE MINING AND EXPORT OF URANIUM TO FULFILL  
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EXISTING CONTRACTS. HAWKE AND LABOR MODERATES HAVE NO  
REASON TO BELIEVE THAT FRASER WILL ACCEPT A REFERENDUM.  
THE PM HAS LABOR ON THE RUN ON THIS ISSUE. HE HAS ALSO  
POINTEDLY REMINDED HAWKE (CORRECTLY IN OUR VIEW) THAT  
EVEN SHOULD A REFERENDUM BE HELD AND BE PASSED BY A  
SUBSTANTIAL MAJORITY OF AUSTRALIANS, HAWKE AND THE ACTU  
COULD NOT GUARANTEE THAT THE LEFT-WING WOULD ACCEPT THE  
VERDICT. HOWKE NOW HAS TO DECIDE WHAT TO DO NEXT. HE  
HAS NO EASY OPTIONS.

7. AND SO, RATHER THAN IMPOSE DISCIPLINE UPON A FRAG-  
MENTED LABOR MOVEMENT, WHAT THE MODERATES' "VICTORIES" MAY  
HAVE ACCOMPLISHED AT SYDNEY IS AN OPENING OF THE WAY  
FOR A MAJOR SCHISM IN THE LABOR MOVEMENT BECAUSE  
FEW PEOPLE IN AUSTRALIA PRESENTLY BELIEVE THAT THE  
RADICAL UNIONS WILL ACCEPT URANIUM EXPLOITATION  
IN THE ABSENCE OF A DECISIVE NATIONAL REFERENDUM--  
AND PROBABLY NOT EVEN THEN. NOR IS THERE ANY REASON  
TO BELIEVE THAT HAWKE OR THE OTHER MODERATES  
BELIEVE OTHER THAN THAT THEY HAVE, IN A SENSE, BOXED  
THEMSELVES IN ON THIS ONE. WHY THEN DID THEY DO IT?

8. OUR BELIEF IS THAT HAWKE, AS THE MAN MOST OUT ON A  
LIMB ON URANIUM BECAUSE IT IS GENERALLY KNOWN THAT HE  
FAVORS ITS EXPLOITATION, SIMPLY NEEDED TO AVOID A  
DECISIVE SHOWDOWN WITH THE LEFT ON THIS ISSUE AT SYDNEY.  
THERE WAS NO WAY HE COULD HAVE WON AGREEMENT TO FOLLOW  
GOA POLICY ON URANIUM. INSTEAD HE WORKED PATIENTLY AND  
METHODICALLY ON THE MODERATES AND ON THE CONSERVATISM  
OF MANY UNION LEADERS TO FORGE A RESPONSIBLE COALITION  
DESIGNED EVENTUALLY TO BRING THE LABOR MOVEMENT BACK  
FROM THE CONSIDERABLE LEFT-WING RADICALISM IT OFTEN  
ENGAGED IN OVER THE PREVIOUS DECADE. HE HAS SOUGHT AN  
ACCRETION OF SMALL VICTORIES, OFTEN IN CIRCUMSTANCES  
WHERE IT WAS DIFFICULT TO DRAW CLEAR-CUT IDEOLOGICAL  
DIVISIONS. BUT BY BUILDING A LITTLE HERE, A LITTLE  
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THERE, PLACING KEY LIEUTENANTS LIKE JOHN DUCKER AND BARRY UNSWORTH IN IMPORTANT POSITIONS, HAWKE IS ON THE VERGE OF ISOLATING THE RADICALS (WHO STILL CONTROL POWERFUL UNIONS WITH CONSIDERABLE STRENGTH). IN THIS, HE HAS BEEN GREATLY AIDED BY THE GROWING REALIZATION WITHIN THE RESPONSIBLE TRADE UNION MOVEMENT THAT LABOR HAS LOST A GREAT DEAL OF POPULAR SUPPORT BECAUSE OF AN

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FM AMEMBASSY CANBERRA  
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INFO AMEMBASSY LONDON  
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C O N F I D E N T I A L SECTION 3 OF 3 CANBERRA 6548

CINCPAC FOR POLAD  
STATE PLEASE PASS LABOR

OVERWEANING CONCENTRATION ON IDEOLOGICAL (RATHER THAN "BREAD AND BUTTER") ISSUES, AND THAT SHOULD ANY "CONFRONTATION" OCCUR BETWEEN LABOR AND GOVERNMENT, THE DISASTER THAT OCCURRED FOR THE ALP THE LAST TIME AUSTRALIA WENT TO THE POLLS COULD EASILY RECUR.

9. AND SO THE REAL QUESTION IS WHAT DOES THE LEFT-WING DO? FACED WITH DECLINING NUMBERS AND DIMINISHING

STRENGTH, DOES IT BRING ABOUT A SCHISM AND TRY TO GO ITS OWN WAY, SPLITTING THE ACTU? AND IF IT DOES, AND IF IT TRIES TO FOIL STATED GOVERNMENT OBJECTIVES SUCH AS URANIUM MINING AND EXPORT, HOW WOULD THE GOVERNMENT  
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REACT? COULD, IN FACT, THE RADICAL LEFT-WING IDEOLOGUES EVEN REMAIN IN CONTROL OF THEIR UNIONS IF THEY TRY TO TAKE THEM OUT OF THE ACTU, IGNORING "BREAD AND BUTTER" ISSUES IN ORDER TO PROMOTE IDEOLOGICAL ONES IN THE FACE OF WIDESPREAD PUBLIC DISAPPROVAL?

10. AUSTRALIAN LABOR IS AT A CROSSROADS. THERE MAY NOT BE OUTRIGHT CONFRONTATION, AS SOME OBSERVERS HAVE SUGGESTED, BUT AUSTRALIAN LABOR, IN THE COMING MONTHS, WILL CLEARLY BE FACED WITH A SERIES OF ISSUES WHERE IT WILL HAVE TO DECIDE BETWEEN FOLLOWING A MODERATE COURSE OR SUCCUMBING TO ITS OLD IDEOLOGICAL HANGUPS.  
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